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SENATE BILL 86

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

ROMAN M. MAES III

FOR THE ECONOMIC DEVELOPMENT, SCIENCE AND TECHNOLOGY COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING DEDUCTIONS FROM GROSS RECEIPTS  
FOR SALES OF CONSTRUCTION MATERIALS, CONSTRUCTION SERVICES,  
EQUIPMENT AND INSTALLATION SERVICES FOR USE IN NEW OR EXPANDED  
MANUFACTURING OPERATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Gross Receipts and  
Compensating Tax Act is enacted to read:

" NEW MATERIAL DEDUCTION-- GROSS RECEIPTS TAX-- SALE OF  
CERTAIN SERVICES, MATERIALS AND EQUIPMENT FOR MANUFACTURING  
OPERATIONS-- DEFINITIONS. --

A. Receipts from the sale of construction services  
to expand existing or construct new facilities for a  
manufacturing operation located in New Mexico may be deducted  
from gross receipts if the construction service is sold to a

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1 person who delivers a nontaxable transaction certificate to  
2 the person performing the construction service.

3 B. Receipts from the sale of construction  
4 materials purchased for use to expand existing or construct  
5 new facilities for a manufacturing operation located in New  
6 Mexico may be deducted from gross receipts if the materials  
7 are sold to a person who delivers a nontaxable transaction  
8 certificate to the person selling the materials.

9 C. Receipts from the sale of equipment purchased  
10 for use in a new or expanded manufacturing operation located  
11 in New Mexico may be deducted from gross receipts if the  
12 equipment is sold to a person who delivers a nontaxable  
13 transaction certificate to the person selling the equipment.

14 D. Receipts from the sale of installation services  
15 necessary to install equipment in a new or expanded  
16 manufacturing operation located in New Mexico may be deducted  
17 from gross receipts if the installation service is sold to a  
18 person who delivers a nontaxable transaction certificate to  
19 the person performing the installation service.

20 E. As used in this section:

21 (1) "construction service" means a service  
22 necessary to construct or expand a manufacturing operation;

23 (2) "equipment" means equipment necessary to  
24 conduct a new or expanded manufacturing operation;

25 (3) "installation service" means a service

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1 required to install and make operational equipment necessary  
2 to conduct a manufacturing operation; and

3 (4) "manufacturing operation" means a plant  
4 employing personnel to perform production or assembly tasks to  
5 produce goods;

6 F. Election by a taxpayer to deliver the  
7 nontaxable transaction certificate necessary to support a  
8 deduction from gross receipts pursuant to the provisions of  
9 this section shall preclude availability to that taxpayer of  
10 the investment credit that would be available on the same  
11 equipment pursuant to the provisions of the Investment Credit  
12 Act. "

13 Section 2. EFFECTIVE DATE. --The effective date of the  
14 provisions of this act is July 1, 1998.

1 FORTY-THIRD LEGISLATURE

2 SECOND SESSION, 1998

3  
4  
5  
6 January 26, 1998

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8 Mr. President:

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10 Your COMMITTEES' COMMITTEE, to whom has been referred

11  
12 SENATE BILL 86

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14 has had it under consideration and finds same to be GERMANE, in  
15 accordance with constitutional provisions, and thence referred to the  
16 WAYS & MEANS COMMITTEE.  
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19 Respectfully submitted,

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25 Manny M. Aragon, Chairman

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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

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(Chief Clerk)

(Chief Clerk)

Date \_\_\_\_\_

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